



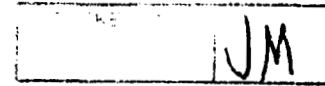
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BEFORE THE ARIZONA CORPORATION COMMISSION

NOV 13 2000

CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER



IN THE MATTER OF THE APPLICATION OF
QUAIL CREEK WATER COMPANY FOR AN
EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. W-02514A-00-0404

DECISION NO. 63137**OPINION AND ORDER**

DATE OF HEARING: October 5, 2000
PLACE OF HEARING: Tucson, Arizona
PRESIDING OFFICER: Jane L. Rodda
APPEARANCES: Jim Poulos, General Manager, on behalf of Quail Creek Water Company; and
Devinti Williams, Staff Attorney, Arizona Corporation Commission, on behalf of the Utilities Division.

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. Quail Creek Water Company ("Quail Creek" or "Company") provides water utility service to approximately 180 customers in a master planned community known as Quail Creek Development in the area of Green Valley, in Pima County, Arizona.

2. On June 8, 2000, Quail Creek filed an application to extend its Certificate of Convenience and Necessity ("CC&N" or "Certificate") to include an additional 1,294 acres of land, comprising the rest of the Quail Creek Development.

3. Quail Creek's current service territory includes 1,300 acres.

4. On July 5, 2000, the Commission's Utilities Division Staff ("Staff") notified the Company that the application was sufficient.

5. By Procedural Order dated July 13, 2000, the Commission set the matter for hearing at

1 its offices in Tucson, Arizona on October 5, 2000.

2 6. Staff filed its Staff Report on September 11, 2000, in which it recommended approval
3 of the application.

4 7. On July 26, 2000, Quail Creek provided notice of the hearing by mailing notice to
5 each of its customers and the property owners in the proposed extension area.

6 8. Quail Creek Development, owned and operated by the same principals as the water
7 company, plans on developing the current service territory with 3,000 residential dwelling units and
8 developing an additional 2,200 residential units in the proposed extension area. At build-out, Quail
9 Creek Development will consist of 5,200 homes.

10 9. The proposed extension area is contiguous to Quail Creek's current service area. The
11 current water system is capable of serving 994 connections, and the Company will be installing a new
12 well to serve the expected growth in the next few months and a second additional well sometime in
13 the future. Engineering Staff believed the Company's plans for additional facilities were reasonable.

14 10. The Arizona Department of Environmental Quality ("ADEQ") reports that Quail
15 Creek is in compliance with its regulations and is currently providing water that meets the quality
16 standards of the Safe Drinking Water Act.

17 11. Quail Creek is current on all property and sales taxes.

18 12. As of the date of the hearing, Quail Creek had not provided a copy of the developer's
19 Certificate of Assured Water Supply or a copy of the developer's ADEQ Certificate of Approval to
20 Construct for the new well.

21 13. Quail Creek has submitted a copy of its franchise from Pima County for the proposed
22 extension area.

23 14. Staff further recommended that:

24 (a) The Commission condition approval of the application on Quail Creek filing
25 copies of the developer's Certificate of Assured Water Supply and Approval to Construct within 365
26 days of the effective date of this Decision;

27 (b) The Commission condition approval on Quail Creek filing a copy of the report
28 from ADEQ stating that the new well is delivering water that meets the quality standards of the Safe

Drinking Water Act within 6 months of completion of the well;

(c) This Decision covering the extension area be considered null and void without further order from the Commission should Quail Creek fail to meet the above conditions; and

(d) Quail Creek charge its existing rates and charges within the extension area.

15. The Company agreed to all of Staff's recommendations.

CONCLUSIONS OF LAW

1. Quail Creek is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

2. The Commission has jurisdiction over Quail Creek and the subject matter of the application.

3. Notice of the application was provided in accordance with law.

4. There is a public need and necessity for water service in the proposed extension area as set forth in Exhibit A.

5. Quail Creek is a fit and proper entity to receive a Certificate to provide water service in the proposed service area.

6. The recommendations contained in Findings of Fact No. 14 are reasonable and should be adopted.

ORDER

IT IS THEREFORE ORDERED that the application of Quail Creek Water Company for an extension of its Certificate of Convenience and Necessity to provide water service to the area in Pima County, Arizona, described in Exhibit A hereto, is approved conditioned upon Quail Creek Water Company providing a copy of the developer's Certificate of Assured Water Supply and Approval to Construct within 365 days of the effective date of this Decision.

IT IS FURTHER ORDERED that the approval granted herein is further conditioned upon Quail Creek Water Company providing documentation from the Arizona Department of Environmental Quality that indicates that the new well is providing water that meets the quality standards of the Safe Drinking Water Act within 6 months of completing the well.

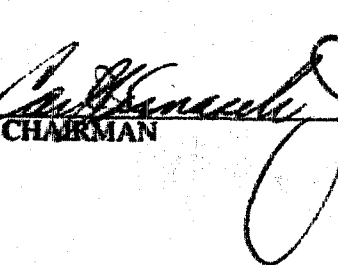
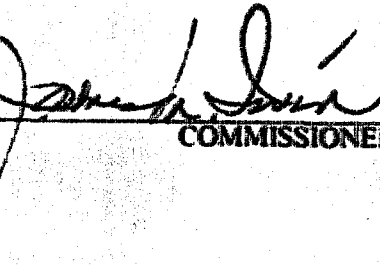
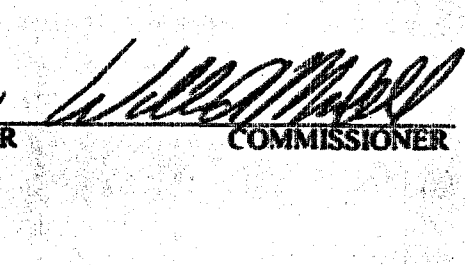
IT IS FURTHER ORDERED that the approval granted herein shall be null and void without

1 further order of the Commission in the event Quail Creek Water Company fails to meet the above
2 conditions or receive approval of an extension within the time specified.

3 IT IS FURTHER ORDERED that Quail Creek Water Company shall charge its existing rates
4 and charges within the extension area.

5 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

7
8   
9 CHAIRMAN COMMISSIONER COMMISSIONER

10
11 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
12 Secretary of the Arizona Corporation Commission, have
13 hereunto set my hand and caused the official seal of the
14 Commission to be affixed at the Capitol, in the City of Phoenix,
15 this 16th day of November, 2000.

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17 BRIAN C. McNEIL
18 EXECUTIVE SECRETARY

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1 SERVICE LIST FOR: QUAIL CREEK WATER COMPANY

2 DOCKET NO. W-02514A-00-0404

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4 Mr. Jim Poulos
5 Quail Creek Water Company
6 9532 East Riggs Road
7 Sun Lakes, Arizona 85248

8 Mr. Marty Aronson
9 Morrill & Aronson PLC
10 One Camelback Road
11 Phoenix, Arizona 85012
12 Attorneys for Applicant

13 Ms. Lyn Farmer, Chief Counsel
14 Legal Division
15 ARIZONA CORPORATION COMMISSION
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 Ms. Deborah Scott, Director
19 Utilities Division
20 ARIZONA CORPORATION COMMISSION
21 1200 West Washington Street
22 Phoenix, Arizona 85007

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EXHIBIT A

LEGAL DESCRIPTION

QUAIL CREEK WATER CO. C.C. & N.
SEPTEMBER 30, 1999
Revised June 30, 2000

BEING a parcel of land located in Sections 5, 6 and 7, Township 18 South, Range 14 East and Sections 1, 2 and 12, Township 18 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

BEGINNING at the Northeast corner of said Section 6:

THENCE South $89^{\circ}24'40''$ East, 328.16 feet along the North line of said Section 5 to the Westerly line of Quail Creek II, Book 51, Page 58, Pima County Records;

THENCE continuing along said Westerly line of Quail Creek II, South $21^{\circ}22'16''$ West, 1,903.97 feet to the arc of an 1,800.00 foot radius curve that is concave Southerly, the radius point of which bears South $21^{\circ}22'16''$ West;

THENCE continuing along said Westerly line of Quail Creek II, Westerly along the arc of said curve through a central angle of $30^{\circ}21'17''$, an arc length of 953.62 feet to the beginning of a 5,005.28 foot radius tangent curve that is concave Southerly;

THENCE continuing along said Westerly line of Quail Creek II, Westerly along the arc of said curve through a central angle of $6^{\circ}15'06''$, an arc length of 546.15 feet;

THENCE continuing along said Westerly line of Quail Creek II, South $74^{\circ}45'29''$ West, 595.00 feet;

THENCE continuing along said Westerly line of Quail Creek II, South $17^{\circ}46'29''$ East, 820.00 feet;

THENCE continuing along said Westerly line of Quail Creek II, South $12^{\circ}52'00''$ East, 4,337.12 feet;

THENCE continuing along said Westerly line of Quail Creek II, South $79^{\circ}22'49''$ West, 420.00 feet to the beginning of a 2,000.00 foot radius tangent curve that is concave Southeasterly;

THENCE continuing along said Westerly line of Quail Creek II, Westerly along the arc of said curve through a central angle of $42^{\circ}17'44''$, an arc length of 1,476.39 feet to the North line of the San Ignacio de la Canoa Land Grant;

THENCE North $59^{\circ}30'41''$ West along said North line, 2,662.66 feet;

LEGAL DESCRIPTION

QUAIL CREEK WATER CO. C.C. & N (Cont.)
SEPTEMBER 30, 1999
Revised June 30, 2000

THENCE North 59°30'29" West, continuing along said North line, 2,605.47 feet;
THENCE North 59°24'12" West, continuing along said North line, 3,575.18 feet;
THENCE North 59°23'41" West, continuing along said North line, 220.88 feet;
THENCE North 02°50'40" East, leaving said North line of the Canoa Land Grant, 3,254.42 feet to the North line of Section 2;
THENCE along said North line S89°48'21"E, 33.00 feet to the Northwest corner of said Section 1;
THENCE South 88°31'00" East, along the North line of said Section 1, 2,643.23 feet;
THENCE North 88°35'10" East, along said North line of Section 1, 2,632.61 feet to the Northwest corner of said Section 6;
THENCE South 89°25'48" East, along the North line of said Section 6, 2,547.84 feet;
THENCE South 89°25'26" East, along said North line of Section 6, 2,631.23 feet to the POINT OF BEGINNING.
EXCEPTING that portion lying in the Northeast quarter of Section 2 as shown on ALTA/ACSM Land Title Survey.
The above-described parcel contains an area of 1,228.13 acres.